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UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEW JERSEY
HON. GLORIA M. BURNS
CASE NO. 08-14631 (GMB)

In the Matter of:

SHAPES/ARCH HOLDINGS L.L.C., et al.,
Reorganized Debtors.

Chapter 11
(Jointly Administered)

**APPLICATION OF THE CLASS 10
LIQUIDATION TRUST PURSUANT TO
D.N.J. LBR 9013-1(j) FOR ENTRY OF
CONSENT ORDER RESOLVING THE
CLAIM OF A. JEROME GROSSMAN**

HEARING DATE AND TIME:
N/A

TO: THE HONORABLE GLORIA M. BURNS
UNITED STATES BANKRUPTCY JUDGE

The Class 10 Liquidation Trust (the “Class 10 Trust”), established upon the Effective Date (as defined hereafter) of the Chapter 11 plan of Shapes/Arch Holdings, L.L.C., *et al.*, the above-captioned reorganized debtors and debtors-in-possession (together, the “Debtors”), by and

through the Trustee (as defined hereafter), submits this application (the “Application”) and respectfully represents:

I. INTRODUCTION AND JURISDICTION

1. This Application is submitted pursuant to D.N.J. LBR 9013-1(j) for entry of the accompanying Consent Order (the “Consent Order”) resolving the claim of A. Jerome Grossman (the “Claimant”).
2. This Court has jurisdiction over the Application pursuant to 28 U.S.C. §§ 1334 and 157(b). This is a “core” proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (B) and (O).
3. Venue is proper in this Court pursuant to 28 U.S.C. § 1409(a).

II. BACKGROUND

4. The Debtors filed voluntary petitions for relief under Chapter 11 of the United States Code, as amended (the “Bankruptcy Code”), on March 16, 2008 (the “Filing Date”). The cases were jointly administered pursuant to this Court’s Order dated March 18, 2008. However, on March 30, 2009, the Court entered an Order closing the affiliated Chapter 11 cases: Shapes LLC (case no. 08-14632), Ultra LLC (case no. 08-14633), Delair LLC (case no. 08-14634), and Accu-Weld LLC (case no. 08-14635) and allowing the Chapter 11 case of Shapes/Arch Holdings L.L.C. (case no. 08-14631) to remain open.

5. The Debtors’ Third Amended Joint Plan of Reorganization (the plan, including amendments, exhibits, and modifications, being the “Plan”) was confirmed by Order of this Court dated July 24, 2008 (the “Confirmation Order”) and became effective on August 8, 2008 (the “Effective Date”).

6. On the Effective Date of the Plan, the Class 10 Trust came into existence, and pursuant to Sections 4.5, 5.2 and 5.3 of the Plan and Article IV of the Plan Administration Agreement (an exhibit to the Plan), the Trust, by its Trustee, Steven D. Sass (the “Trustee”), was

empowered to, among other things, review and file objections to unsecured claims and bring avoidance actions.

7. On March 18, 2008, this Court entered an Order pursuant to Bankruptcy Rules 2002(a)(7) and 3003(c)(3) establishing the deadline for the filing of proofs of claim evidencing pre-petition claims (the “Bar Date Order”).

8. Pursuant to the Bar Date Order, the deadline for all persons and entities to file proofs of claim against the Debtors for claims that arose on or prior to the Filing Date was May 15, 2008.

9. Claimant, by and through his counsel, filed a proof of claim in the bankruptcy cases on May 13, 2008, in each alleging an unsecured claim against the Debtors in the amount of \$1,554,931.35 (the “Proof of Claim”).

10. The Class 10 Trust reviewed the Proof of Claim and on December 11, 2009 the Class 10 Trust filed its Fourth Omnibus Objection to Claims (the “Objection”). The Objection sought to reduce the Proof of Claim.

11. On December 23, 2009, counsel to Grossman filed a response to the Objection (the “Response”).

12. On January 7, 2010, the Class 10 Trust withdrew the Objection to the Proof of Claim without Prejudice.

Negotiations with A. Jerome Grossman

13. The Class 10 Trust has reviewed the Proof of Claim, information provided by the Claimant, and the Debtors’ books and records as they pertain to the Claimant, and has engaged in good faith, arms’ length negotiations with the Claimant.

14. The Class 10 Trust and the Claimant have determined that the Proof of Claim should be fixed as a general unsecured claim in the amount of \$1,549,931.35.

III. RELIEF REQUESTED AND BASIS THEREFOR

15. The Trustee believes that entry of the Consent Order is in the estates' best interests. As a result of extensive negotiations with Claimant, the Trustee has been able to reach an agreement regarding the treatment of the Claimant's Proofs of Claim under the Debtors' Plan. Therefore, the Trustee respectfully submits that cause exists for the entry of the Consent Order.

16.

17. WHEREFORE, the Class 10 Trust respectfully requests that the Court enter the Consent Order and grant such other relief as the Court deems just and appropriate under the circumstances.

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WHEREFORE, the Class 10 Trust respectfully requests that the Court enter the Consent Order and grant such other relief as the Court deems just and appropriate under the circumstances.

Respectfully Submitted,

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Co-Counsel for the Class 10 Liquidation Trust

Dated: Hackensack, New Jersey
April 29, 2010